

A close-up photograph of two hands, one slightly larger than the other, gently cupping a vibrant green awareness ribbon. The ribbon is looped and draped across the palms, extending towards the right edge of the frame. The background is a clean, bright white.

SEARLE

Research in the service of mankind

MENTAL WELLNESS

Empowering minds,
Inspiring souls

HALF YEARLY REPORT DECEMBER 2023

Contents

- 02** Company Information
- 03** Directors' Review Report
- 06** Directors' Review Report (Urdu)
- 07** Independent Auditor's Review Report
- 08** Unconsolidated Condensed interim Statement of Financial Position

- 09** Unconsolidated Statement of Profit or Loss and Other Comprehensive Income
- 10** Unconsolidated Condensed interim Statement of Changes in Equity
- 11** Unconsolidated Condensed interim Statement of Cash Flows
- 12** Selected Notes to the Unconsolidated Condensed interim Financial Statements
- 25** Consolidated Financial Statements

Company Information

BOARD OF DIRECTORS

Mr. Adnan Asdar Ali	Chairman
Mr. Syed Nadeem Ahmed	Chief Executive Officer
Mr. Zubair Razzak Palwala	
Mr. Munis Abdullah	
Ms. Faiza Naeem	
Ms. Shaista Khaliq Rehman	
Mr. Muhammad Zubair Haider Shaikh	

BOARD OF AUDIT COMMITTEE

Ms. Shaista Khaliq Rehman	Chairperson
Mr. Adnan Asdar Ali	Member
Mr. Munis Abdullah	Member

BOARD OF HR & REMUNERATION COMMITTEE

Mr. Muhammad Zubair Haider Shaikh	Chairman
Mr. Adnan Asdar Ali	Member
Ms. Faiza Naeem	Member

CHIEF FINANCIAL OFFICER

Mr. Mobeen Alam

COMPANY SECRETARY

Mr. Zubair Razzak Palwala

AUDITORS

A. F. Ferguson & Co.

LEGAL ADVISORS

Mohsin Tayebaly & Co.

BANKERS

Albaraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bank of Punjab
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Summit Bank Limited

REGISTERED OFFICE

One IBL Centre, 2nd Floor, Plot # 1
Block 7 & 8, D.M.C.H.S, Tipu Sultan
Road Off Shahra-e-Faisal, Karachi

SHARE REGISTRAR

CDC Share Registrar Services Limited
Head Office, CDC House, 99-B, Block
'B' S.M.C.H.S., Main Shahrah-e-Faisal
Karachi - 74400

Directors' Report to the Members

We are pleased to present the unconsolidated interim financial information of the company for the half year ended December 31, 2023. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – 'Interim Financial Reporting'. The directors' report is prepared in accordance with section 227 of the Companies Act, 2017 and Chapter XII of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Financial highlights

The company experienced a significant increase in revenue, rising by Rs 2.47 billion to Rs 13.3 billion from Rs 10.8 billion, representing a substantial 23% growth compared to the same period last year. The increase in revenue was mainly driven from the price increase of 20% on non-essential medicines and 14% on essential medicines granted by the government last year in May.

Furthermore, the gross profit margin for the current period improved to 47.37%, up from 45.54% in the previous period. This enhancement was predominantly driven by the aforementioned price adjustments.

The combination of increased sales and decreased operating expenses, which stood at 31.17% in the current period compared to 32.21% previously, contributed to a 6% growth in operating profit, rising from Rs 2.1 billion to Rs 2.2 billion.

However, despite these positive indicators, the profit after tax experienced a significant decline of 59%, dropping from Rs 542.38 million to Rs 221.09 million. This decline was primarily attributed to the depreciation of the Pakistani currency and an increase in finance cost of the company.

In the preceding year, the policy rate had risen from 15% to 22% over time. In contrast, during the current period, the impact of heightened finance costs was particularly pronounced, as the policy rate remained at 22% for the entirety of the period.

Following is the summary of financial results for the half months ended December 31, 2023:

	December 31,	
	2023	2022
	(Rupees in thousand)	
Revenue	13,323,051	10,852,586
Cost of sales	(7,012,404)	(5,909,993)
Gross Profit	6,310,647	4,942,593
Operating expenses	(4,152,341)	(3,495,871)
Other operating expenses	(41,967)	(42,910)
Other income	118,608	699,068
Profit from operations	2,234,947	2,102,880
Finance cost	(1,807,636)	(1,487,919)
Profit before tax	427,311	614,961
Income tax expense	(206,224)	(72,576)
Profit after taxation	221,087	542,385

EARNINGS PER SHARE

Basic earnings per share after taxation for the period is Rs. 0.47 (December 2022: Rs. 1.38). There is no dilution effect on the basic earnings per share of the Company, as the Company had no convertible dilutive potential ordinary shares outstanding as at December 31, 2023.

FUTURE OUTLOOK

At Searle Pharmaceuticals, we're deeply committed to societal welfare, not just market growth. With a steadfast belief in the well-being of our communities, we strive to make a positive impact beyond business metrics.

Despite prevailing socio-economic challenges, we're dedicated to expanding our market share with integrity. Our enduring commitment to ethical practices ensures that every step we take is aligned with our core values and principles.

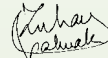
While facing hurdles such as exchange rate volatility, inflation, and rising commodity prices, we remain resilient. Our team's perseverance and commitment to our values drive us forward, inspiring innovative solutions to overcome obstacles.

Challenges are opportunities for innovation. With determination, we'll navigate these obstacles, emerging stronger and brighter. Together, we'll shape a better future for Searle and our communities.

For and on behalf of the Board



Syed Nadeem Ahmed
Chief Executive Officer



Zubair Razzak Palwala
Director

Karachi: February 29, 2024

نی شیئر آمدنی

اس مدت کے لئے نیکیسیشن کے بعد بنیادی آمدنی فی شیئر 0.47 روپے ہے (دسمبر 2022: 1.38 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر براہ راست کوئی اثرات مرتب نہیں ہوئے جیسا کہ کمپنی نے 31 دسمبر 2023 کے مطابق عمومی شیئرز میں کوئی قابل منتقل کمی نہیں کی تھی۔

مستقبل پر ایک نظر

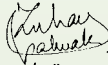
سرل فارما سیونیکل میں ہم نہ صرف مارکیٹ کی ترقی کے لیے بلکہ سماجی بہبود کے لیے پر عزم ہیں۔ اپنے معاشرے کی فلاح و بہبود پر پختہ یقین کے ساتھ، ہم کاروباری میٹرکس سے ہٹ کر بہت اثر ڈالنے کی کوشش کرتے ہیں۔


موجودہ سماجی و اقتصادی چیلنجوں کے باوجود، ہم دیانتداری کے ساتھ اپنے مارکیٹ شیئر کو بڑھانے کے لیے وقف ہیں۔ اخلاقی طریقوں سے ہماری مستقل وابستگی اس بات کو یقینی بناتی ہے کہ وہ ہماری بنیادی اقدار اور اصولوں کے ساتھ ہم آہنگ ہو۔

شرح مبادلہ میں اتار چڑھاؤ، افراط زر، اور ایشیا کی بڑھتی ہوئی قیمتوں جیسی رکاوٹوں کا سامنا کرتے ہوئے، ہم لچکدار رہتے ہیں۔ ہماری ٹیم ثابت قدمی اور ہماری اقدار سے وابستگی ہمیں آگے بڑھاتی ہے، جو رکاوٹوں کو دور کرنے کے لیے اختراعی حل کو متاثر کرتی ہے۔

چیلنجز مدت طرازی کے مواقع ہیں عزم کے ساتھ، ہم ان رکاوٹوں کو نیوگیٹ کریں گے، جو مزید مضبوط اور روشن ہوں گے۔ مل کر، ہم سرل اور ہماری کمیونیز کے لیے ایک بہتر مستقبل کی کی تشکیل کریں گے۔

برائے اور بورڈ کی جانب سے


زبیر رزاق پال والا
ڈائریکٹر


سید مدیم احمد
چیف ایگزیکٹو آفیسر

کراچی: 29 فروری 2024

ڈائریکٹرز رپورٹ برائے حصص یافتگان

ہم بسرت 31 دسمبر 2023 کو ختم ہونے والے چھ مہینوں کے لئے کمپنی کے نمبر یکجا شدہ عبوری مالیاتی حسابات پیش کر رہے ہیں۔ یہ مالیاتی حسابات انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ (IAS-34) عبوری مالیاتی رپورٹنگ کی شرائط کے مطابق تیار کیے گئے ہیں۔ ڈائریکٹرز کی رپورٹ کمپنیز ایکٹ، 2017 کے سیکشن 227 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے باب XII کے مطابق تیار کی گئی ہے۔

مالیاتی جھلکیاں

کمپنی کاروبار نیو گزشتہ سال کی اس مدت کے مقابلے میں 2.42 بلین روپے یعنی 23 فیصد تک بڑھ گیا۔ اس اضافہ کی بنیادی وجہ ضروری ادویات کی قیمتوں میں 14% اضافہ اور غیر ضروری ادویات کی قیمتوں میں 12% اضافہ تھا جو کہ حکومت کی طرف سے گذشتہ برس 2023ء میں کیا گیا۔

اس کے علاوہ گریڈ پر وٹ کی شرح 45.54% سے بڑھ کر 47.37% ہو گئی اس اضافہ کی بنیادی وجہ اوپر بیان کی گئی قیمتوں میں اضافہ تھا۔

کمپنی کے اپریٹنگ اخراجات کی شرح 31.17% تھی جو کہ پچھلے سال کے چھ ماہ میں 32.22% تھی اس کی وجہ سے اپریٹنگ منافع میں 6% اضافہ ہوا اور وہ 2.1 بلین سے بڑھ کر 2.2 بلین ہو گیا۔

ان مثبت وجوہات کے باوجود کمپنی کا بعد از ٹیکس منافع 542.38 ملین کے کم ہو کر 221.01 ملین ہو گیا۔ اس کی بنیادی وجہ پاکستانی روپے کی قدر میں کمی اور فائننشل چینج میں اضافہ تھا۔

پچھلے سال شرح سود 15% سے بڑھ کر 22% ہو گئی تھی۔ البتہ اس سال شرح سود 22% پر برقرار رہی۔

31 دسمبر 2023 کو ختم ہونے والے چھ مہینوں کی مدت کے لئے مالیاتی نتائج درج ذیل کے مطابق ہیں:

2022	2023	
(پاکستانی روپے ہزاروں میں)		
10,852,586	13,323,051	آمدنی
(5,909,993)	(7,012,404)	فروخت کے اخراجات
4,942,593	6,310,647	مجموع آمدنی
(3,495,871)	(4,152,341)	آپریٹنگ اخراجات
(42,910)	(41,967)	دیگر آپریٹنگ اخراجات
699,068	118,608	دیگر آمدنی
2,102,880	2,234,947	آپریٹنگ سے آمدنی
(1,487,919)	(1,807,636)	مالیاتی اخراجات
614,961	427,311	منافع قبل از ٹیکس
(72,576)	(206,224)	انکم ٹیکس اخراجات
542,385	221,087	منافع بعد از ٹیکس



INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF THE SEARLE COMPANY LIMITED

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of The Searle Company Limited as at December 31, 2023 and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, the unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2023 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.

**A. F. Ferguson & Co.,
Chartered Accountants
Karachi**

Date: February 29, 2024

UDIN: RR2023100738pHDJe5Cy

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
ASSETS			
	Note	(Rupees in '000)	
Non-current assets			
Property, plant and equipment	5	6,470,453	6,604,610
Investment properties - at cost		2,894,861	2,864,868
Intangible assets		33,080	40,399
Long-term investments - subsidiaries	6	26,066,718	18,816,311
Long-term loans		174	117
Long-term deposits		7,396	7,396
		<u>35,472,682</u>	<u>28,333,701</u>
Current assets			
Stock-in-trade		2,317,896	2,716,235
Trade receivables	7	10,324,835	11,570,051
Loans and advances	8	1,260,847	1,071,375
Trade deposits and short-term prepayments		171,074	156,539
Other receivables	9	900,604	4,524,797
Short-term investment - at amortised cost		100,000	100,000
Taxation - payments less provision		2,168,206	1,934,114
Tax refunds due from Government - Sales Tax		202,330	196,712
Cash and bank balances		1,760,009	196,782
		<u>19,205,801</u>	<u>22,466,605</u>
Total current assets			
		<u>54,678,483</u>	<u>50,800,306</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY			
Share capital			
Issued, subscribed and paid-up capital	10	5,114,945	3,900,659
Capital reserves			
Share premium		9,085,133	6,049,419
Revaluation surplus on property, plant and equipment		3,634,750	3,717,069
Revenue reserves			
General reserve		280,251	280,251
Unappropriated profit		13,984,019	13,721,361
		<u>32,099,098</u>	<u>27,668,759</u>
LIABILITIES			
Non-current liabilities			
Long-term borrowings	11	4,707,312	5,917,063
Deferred tax liabilities		430,228	238,725
Employee benefit obligations		55,352	57,567
Lease liability		75,620	78,702
		<u>5,268,512</u>	<u>6,292,057</u>
Current liabilities			
Trade and other payables	12	5,875,099	6,042,397
Short-term borrowings	13	8,633,189	8,178,277
Current portion of long-term borrowings	11	2,088,300	1,914,275
Unpaid dividend	14	183,472	183,736
Unclaimed dividend		37,040	37,526
Accrued mark-up		484,373	476,651
Current portion of lease liability		9,400	6,628
		<u>17,310,873</u>	<u>16,839,490</u>
Total liabilities		<u>22,579,385</u>	<u>23,131,547</u>
Contingencies and commitments			
	15		
Total equity and liabilities		<u>54,678,483</u>	<u>50,800,306</u>

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive

Director

Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2023 - UNAUDITED

	Note	Quarter ended		Half year ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
----- (Rupees in '000) -----					
Revenue from contracts with customers	16	5,752,787	5,706,310	13,323,051	10,852,586
Cost of sales	17	(2,974,733)	(3,177,831)	(7,012,404)	(5,909,993)
Gross profit		2,778,054	2,528,479	6,310,647	4,942,593
Distribution costs		(1,728,673)	(1,550,768)	(3,406,631)	(2,857,848)
Administrative expenses	18	(345,592)	(335,293)	(745,710)	(638,023)
Other expenses		(1,971)	(23,328)	(41,967)	(42,910)
Other income	19	63,124	494,392	118,608	699,068
Profit from operations		764,942	1,113,482	2,234,947	2,102,880
Finance cost		(800,581)	(773,580)	(1,807,636)	(1,487,919)
Profit before tax		(35,639)	339,902	427,311	614,961
Taxation	20	(67,909)	(4,348)	(206,224)	(72,576)
Profit for the period		(103,548)	335,554	221,087	542,385
Other comprehensive income		-	-	-	-
Total comprehensive income		(103,548)	335,554	221,087	542,385
----- (Rupees) -----					
Earnings per share - basic and diluted	21	(0.22)	(Restated) 0.85	0.47	(Restated) 1.38

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 - UNAUDITED

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves		Total reserves	Total
		Share premium	Revaluation surplus on Property, plant & equipment	General reserve	Unappropriated profit		
	Rupees '000						
Balance as at July 01, 2022	3,120,527	6,049,419	3,592,613	280,251	13,994,648	23,916,931	27,037,458
Total comprehensive income for the period ended December 31, 2021							
Profit for the period	-	-	-	-	542,385	542,385	542,385
Other comprehensive income for the period	-	-	-	-	-	-	-
Transfer of incremental depreciation - net of deferred tax	-	-	(73,911)	-	73,911	-	-
	-	-	(73,911)	-	616,296	542,385	542,385
Transfer of revaluation surplus on disposal of land held at revaluation model to unappropriated profit	-	-	(49,500)	-	49,500	-	-
Transactions with owners							
Bonus shares issued during the period in the ratio of 30 shares for every 100 shares held	780,132	-	-	-	(780,132)	(780,132)	-
Balance as at December 31, 2022	<u>3,900,659</u>	<u>6,049,419</u>	<u>3,469,202</u>	<u>280,251</u>	<u>13,880,312</u>	<u>23,679,184</u>	<u>27,579,843</u>
Balance as at July 01, 2023	3,900,659	6,049,419	3,717,069	280,251	13,721,361	23,768,100	27,668,759
Total comprehensive income for the period ended December 31, 2023							
Profit for the period	-	-	-	-	221,087	221,087	221,087
Other comprehensive income for the period	-	-	-	-	-	-	-
Transfer of incremental depreciation - net of deferred tax	-	-	(82,319)	-	82,319	-	-
	-	-	(82,319)	-	303,406	221,087	221,087
Transfer of revaluation surplus on disposal of land held at revaluation model to unappropriated profit	-	-	-	-	-	-	-
Transactions with owners							
Subscription of shares against right issue of share capital	1,214,286	3,035,714	-	-	(40,748)	2,994,966	4,209,252
Balance as at December 31, 2023	<u>5,114,945</u>	<u>9,085,133</u>	<u>3,634,750</u>	<u>280,251</u>	<u>13,984,019</u>	<u>26,984,153</u>	<u>32,099,098</u>

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 - UNAUDITED

	Note	December 31, 2023	December 31, 2022
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	22	7,421,249	2,588,565
Employees benefit obligations paid		(4,915)	(3,315)
Finance cost paid		(1,793,408)	(1,394,707)
Income tax paid		(248,813)	(434,325)
Long-term loans		(57)	(226)
Net cash flows from operating activities		5,374,056	755,992
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(105,501)	(185,370)
Proceeds from disposal of property, plant and equipment		90	3,819
Addition to investment properties		(64,541)	(106,131)
Investment in subsidiaries		(7,250,407)	-
Net cash flows from investing activities		(7,420,359)	(287,682)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(750)	(1,611)
Repayment of long-term borrowings		(1,044,341)	(830,166)
Payment against lease liabilities		(9,543)	(9,221)
Proceeds against issue of share capital net of issuance cost		4,209,252	-
Net cash flows from financing activities		3,154,618	(840,998)
Net increase / (decrease) in cash and cash equivalents		1,108,315	(372,688)
Cash and cash equivalents at the beginning of the period		(7,781,495)	(7,566,126)
Cash and cash equivalents at the end of the period	23	(6,673,180)	(7,938,814)

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 - UNAUDITED

1. THE COMPANY AND ITS OPERATIONS

- 1.1 The Searle Company Limited (the Company) was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Company was converted into a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited (PSX). The Company is principally engaged in the manufacture of pharmaceutical and other consumer products. The registered office of the Company is situated at One IBL Centre 2nd Floor, Plot No. 1, Block 7 & 8 Dehli Mercantile Muslim Cooperative Housing Society, Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.

International Brands (Private) Limited is the Parent Company, which holds 58.37% (December 31, 2022: 56.32%) shareholding in the Company. This holding % includes 8,387,267 shares which are held in lieu of 5% withholding tax under section 236M of the Income Tax Ordinance, 2001. The shareholder has filed a petition against such provision and the case is pending before the Honorable High Court.

- 1.2 Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
Listed Company			
- IBL HealthCare Limited		74.19%	74.19%
Unlisted Companies			
- Searle Pharmaceuticals (Private) Limited	Pakistan	100.00%	100.00%
- Searle Laboratories (Private) Limited		100.00%	100.00%
- Searle Biosciences (Private) Limited		100.00%	100.00%
- IBL Future Technologies (Private) Limited		100.00%	100.00%
- Searle Pakistan Limited (formerly OBS Pakistan (Private) Limited)		90.61%	90.61%
- Nextar Pharma (Private) Limited *		87.20%	87.20%
- Searle IV Solutions (Private) Limited		100.00%	-
- Stellar Ventures (Private) Limited		100.00%	-
- MyCart (Private) Limited **		50.00%	-
- IBL Frontier Markets (Private) Limited **		100.00%	-
- Prime Health (Private) Limited **		100.00%	-

* Nextar Pharma (Private) Limited is the subsidiary of Searle Biosciences (Private) Limited and an indirect subsidiary of the Company.

** MyCart (Private) Limited, IBL Frontier Markets (Private) Limited and Prime Health (Private) Limited are subsidiaries of Stellar Ventures (Private) Limited and an indirect subsidiaries of the Company.

- 1.3 These unconsolidated condensed interim financial statements are separate financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These unconsolidated condensed interim financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 These unconsolidated condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2023.

2.1.3 The comparative unconsolidated condensed interim statement of financial position presented in these unconsolidated condensed interim financial statements have been extracted from the audited annual unconsolidated financial statements of the Company for the year ended June 30, 2023, whereas the comparative unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity are extracted from the un-audited unconsolidated condensed interim financial statements for the period ended December 31, 2022.

2.2 Basis of measurement

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except as stated otherwise and should be read in conjunction with the audited annual unconsolidated financial statements of the Company for the year ended June 30, 2023.

2.3 Functional and presentation currency

These unconsolidated condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional and presentation currency. All financial information presented in Pakistani Rupees have been rounded off to the nearest thousand Rupee except where stated otherwise.

3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the audited annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2023.

3.2 Changes in accounting standards, interpretations and pronouncements

a) Standards and amendments to approved accounting standards that are effective

There are certain standards, amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2023. However, these do not have any significant impact on the Company's financial reporting.

b) Standards and amendments to approved accounting standards that are not yet effective

There are certain standards, amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2024. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

4. ACCOUNTING ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of unconsolidated condensed interim financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
- 4.2 The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual unconsolidated financial statements as at and for the year ended June 30, 2023.
- 4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual unconsolidated financial statements for the year ended June 30, 2023.

	(Unaudited) December 31, 2023	(Audited) June 30, 2023
	(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - note 5.1 & 5.2	6,070,258	6,286,725
Capital work-in-progress - at cost - note 5.3	342,208	257,795
Right-of-use assets	57,987	60,090
	<u>6,470,453</u>	<u>6,604,610</u>
5.1 Additions - operating fixed assets (at cost)		
Leasehold Land	3,817	2,937
Building on leasehold land	9,085	26,256
Plant and machinery	3,113	39,012
Office equipment	3,441	2,078
Furniture & fittings	185	-
Vehicles	-	7,426
Air conditioning systems	1,447	24,077
	<u>21,088</u>	<u>101,786</u>
5.2 Disposals - operating fixed assets (at net book value)		
Leasehold land	-	452,937
Office equipment	23	403
	<u>23</u>	<u>453,340</u>
5.3 Additions - capital work-in-progress (at cost)		
Land	-	300
Building on leasehold land	3,460	38,837
Plant and machinery	71,510	106,986
Office equipment	-	2,077
Air conditioning systems	9,443	37,170
	<u>84,413</u>	<u>185,370</u>
6. LONG-TERM INVESTMENTS		
Subsidiary companies - at cost - note 6.1 & 6.2	<u>26,066,718</u>	<u>18,816,311</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

- 6.1** The Board of Directors of the Company in their meeting held on May 25, 2023, resolved to acquire the 100% shareholding of Searle IV Solutions (Private) Limited (Searle IV) from IBL Operations (Private) Limited (IBL OPS) - a related party of the Company. The valuation of Searle IV was conducted by KPMG Taseer Hadi & Co. and they arrived at a value of Rs. 3,500 million.

The said transaction has been approved by the shareholders in the extra ordinary general meeting held on July 26, 2023. The shareholders authorised the Company to acquire 5,400,000 ordinary shares, having face value of Rs. 100 each of Searle IV, constituting 100% of the issued and paid up share capital of Searle IV from IBL OPS for an aggregate amount of Rs. 3,500 million. The said transaction is funded from the right issue being offered by the Company as disclosed in note 10.2 to these unconsolidated condensed interim financial statements.

- 6.2** Further, the Board of Directors of the Company in their meeting held on October 03, 2022, resolved to acquire the 100% shareholding of Stellar Ventures (Private) Limited (SVPL) from Universal Ventures (Private) Limited (UVPL) - a related party of the Company, at a valuation to be determined and negotiated by the management of the Company with UVPL on arms length basis, to be adjusted against Company's receivable balance, subject to due diligence and approval of the shareholders under the provisions of Section 199 of the Companies Act, 2017. On May 23, 2023, the Company obtained valuation of SVPL amounting to Rs. 3,750 million from KPMG Taseer Hadi & Co.

The said transaction has been approved by the shareholders in the extraordinary general meeting held on July 26, 2023 and the shareholders authorized the Company to acquire 12,100,000 ordinary shares, having face value of Rs. 10 each of SVPL constituting 100% of the issued and paid up share capital of SVPL from UVPL for an aggregate amount of Rs. 3,750 million. The said transaction is settled against the receivable from UVPL.

(Unaudited)	(Audited)
December 31,	June 30,
2023	2023

(Rupees in '000)

7. TRADE RECEIVABLES

Export receivables, secured	722,849	442,573
Due from related parties, unsecured - note 7.1	9,045,114	10,818,800
Others - unsecured	742,195	494,001
	10,510,158	11,755,374
Less: allowance for expected credit losses	(185,323)	(185,323)
	10,324,835	11,570,051

7.1 Due from related parties - unsecured

Subsidiary companies		
- Searle Biosciences (Private) Limited	321,352	320,860
- IBL HealthCare Limited	105,831	109,010
Associated companies		
- IBL Operations (Private) Limited	8,617,931	10,388,930
	9,045,114	10,818,800

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

8. LOANS AND ADVANCES

- 8.1 These include advances to Searle Biosciences (Private) Limited and Searle IV Solutions (Private) Limited wholly owned subsidiaries amounting to Rs. 567.87 million (June 30, 2023: Rs. 313.71 million) and Rs 105.12 million (June 30, 2023: Nil) respectively. These are provided for the purpose of financial assistance and are settled in the ordinary course of business.

(Unaudited) (Audited)
December 31, June 30,
2023 2023

9. OTHER RECEIVABLES

(Rupees in '000)

Receivables from related parties

Due from Parent Company:

- International Brands (Private) Limited
 - Expenses
 - Rental income
 - Group relief

53,028	43,231
44,634	38,634
58,040	58,040
155,702	139,905

Due from subsidiary companies:

- IBL HealthCare Limited against:
 - Expenses
 - Royalty
 - Rental income
- Searle Pakistan Limited against:
 - Dividend income
- Searle Biosciences (Private) Limited against:
 - Dividend income
 - Facility management fee
 - Expenses
- Nextar Pharma (Private) Limited against:
 - Expenses
- Searle IV Solutions (Private) Limited against:
 - Expenses
- IBL Frontier Markets (Private) Limited against:
 - Expenses

197	4,333
28,550	46,941
438	4,540
-	28,951
-	43,000
120,000	170,000
219,468	25,661
24,358	13,107
60,097	3,956
53,962	47,890
507,070	388,379

Due from associated companies:

- IBL Operations (Private) Limited against:
 - Expenses
 - Rental income
- IBL Unisys (Private) Limited against:
 - Rental income
 - Expenses

1,858	2,306
2,079	3,781
1,245	719
755	408
5,937	7,214

Balance carried forward

668,709 **535,498**

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

	(Unaudited) December 31, 2023	(Audited) June 30, 2023
	(Rupees in '000)	
<i>Balance brought forward</i>	668,709	535,498
- Universal Ventures (Private) Limited against:		
Sale of subsidiary - note 9.1	86,452	3,326,859
Sale of land - note 9.2	-	510,000
- IBL Logistics (Private) Limited against:		
Rental income	1,692	1,692
	756,853	3,838,551
Due from other related parties:		
- United Retail (Private) Limited against:		
Expenses	-	1,384
- Universal Retail (Private) Limited against:		
Rental income	12,714	18,437
Expenses	79,787	71,626
	92,501	91,447
Surplus arising under retirement benefit fund	5,250	5,250
Others, considered good - note 9.3	46,000	54,051
	900,604	4,524,797

9.1 During the period, the balance receivable against the disposal of a subsidiary has been adjusted against an equivalent portion of the consideration payable for the acquisition of SVPL as disclosed in note 6.2 to these unconsolidated condensed interim financial statements.

9.2 During the previous year, on July 15, 2022, the Company entered into a transaction with its related party i.e. Universal Ventures (Private) Limited for the sale of the property located at plot # B - 168, S.I.T.E, Nooriabad, District Jamshoro, Sindh measuring approximately 25 acres free from all claims, liens, burdens, disputes, liabilities, encumbrances, demands and dues whatsoever. The total sale consideration agreed as per the sale agreement dated July 15, 2022 is Rs. 510 million. However this balance has been adjusted as disclosed in note 6.2 to this unconsolidated condensed interim financial statements.

9.3 This includes Rs. Nil (June 30, 2023:Rs. 14.7 million) claimed by the Company from Zhejiang Huahai Pharmaceuticals, China (ZHP) relating to its product "Extor" that contains material supplied by ZHP. Claims amounting to Rs. 14.7 million (June 30, 2023: Rs. 134.2 million) were settled during the period.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

10. SHARE CAPITAL

Authorised share capital				
(Unaudited)	(Audited)		(Unaudited)	(Audited)
December 31,	June 30,		December 31,	June 30,
2023	2023		2023	2023
(Number of shares)			(Rupees in '000)	
<u>700,000,000</u>	<u>600,000,000</u>	Ordinary shares of Rs. 10 each	<u>7,000,000</u>	<u>6,000,000</u>
Issued, subscribed and paid up capital				
(Number of shares)				
<u>161,596,926</u>	40,168,355	Shares allotted for consideration paid in cash	<u>1,615,969</u>	401,683
<u>24,000</u>	24,000	Shares allotted for consideration other than cash	<u>240</u>	240
<u>349,873,498</u>	<u>349,873,498</u>	Shares allotted as bonus shares	<u>3,498,736</u>	3,498,736
<u>511,494,424</u>	<u>390,065,853</u>		<u>5,114,945</u>	<u>3,900,659</u>

- 10.1** The Company increased its authorised share capital for ordinary shares from Rs. 6 billion divided into 600 million ordinary shares to Rs. 7 billion divided into 700 million ordinary shares of Rs 10 each in its extraordinary annual general meeting held on July 26, 2023.
- 10.2** The Board of directors in their meeting held on May 25, 2023, approved the issue of 31.13 right shares for every 100 ordinary shares held i.e. 31.13% of the existing paid-up capital of the Company. The Company has issued 121,428,571 ordinary shares, at a price of Rs 35 per share, aggregating to Rs. 4.25 billion. The funds raised through the right issue is used to finance the acquisition of a complete (100%) ownership stake in an subsidiary company i.e. Searle IV Solutions (Private) Limited, including repaying any financing availed for such acquisition. This acquisition was carried out by purchasing the shares from IBL OPS. Additional proceeds from the right issue will be utilized to reduce a certain portion of the Company's existing debt.

(Unaudited)	(Audited)
December 31,	June 30,
2023	2023
(Rupees in '000)	

11. LONG-TERM BORROWINGS

Financing under:

Musharaka facility - notes 11.1 & 11.2	<u>6,795,612</u>	7,831,338
Less: current portion of long-term borrowings	<u>2,088,300</u>	1,914,275
	<u>4,707,312</u>	<u>5,917,063</u>

- 11.1** The Company obtained a musharaka facility from Habib Bank Limited (Musharaka Agent) for a period of 7 years with a repayment grace period of two years. The Company is required to repay the amount of the loan in quarterly installments, starting from September 2022. This facility carries a mark-up of three months KIBOR plus 1.35%.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

- 11.2 Following are the changes in the long term finances for which cash flows have been classified as financing activities in the statement of cash flows.

	(Unaudited) December 31, 2023	(Audited) June 30, 2023
	(Rupees in '000)	
Opening balance	7,831,338	9,554,740
Amortisation of transaction cost	8,615	16,848
Repayment of loan	<u>(1,044,341)</u>	<u>(1,740,250)</u>
	6,795,612	7,831,338
Less: current portion of long-term borrowings	<u>(2,088,300)</u>	<u>(1,914,275)</u>
Closing balance	<u>4,707,312</u>	<u>5,917,063</u>
12. TRADE AND OTHER PAYABLES		
Creditors	1,331,624	1,399,761
Bills payable in foreign currency	1,289,727	1,762,126
Royalty payable	33,150	24,352
Accrued liabilities	1,971,592	1,266,508
Payable to provident fund	17,888	14,961
Advance from customers - unsecured	22,642	96,043
Payable to related parties	785,544	1,310,955
Taxes deducted at source and payable to statutory authorities	221,577	48,538
Workers' Profit Participation Fund	45,473	22,008
Workers' Welfare Fund	25,848	21,422
Other liabilities	<u>130,034</u>	<u>75,723</u>
	<u>5,875,099</u>	<u>6,042,397</u>
13. SHORT-TERM BORROWINGS		
Secured Borrowings		
Conventional		
Running finance facility - note 13.1	1,608,318	1,631,532
Islamic		
Running Musharaka - note 13.1	<u>6,824,871</u>	<u>6,346,745</u>
	8,433,189	7,978,277
Unsecured Borrowings		
Borrowing from IBL Future Technologies (Private) Limited - note 13.2	<u>200,000</u>	<u>200,000</u>
	<u>8,633,189</u>	<u>8,178,277</u>

- 13.1 The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 8,950 million (June 30, 2023: Rs. 8,100 million) which include financing facilities obtained under Islamic mode amounting to Rs. 7,250 million (June 30, 2023: Rs. 6,350 million). The arrangements are secured jointly by registered mortgage of Rs. 2,237.5 million (June 30, 2023: Rs. 2,025 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 11,985.83 million (June 30, 2023: Rs. 11,940 million).

- 13.1.1 The rates of mark-up ranged between 1% to 25.41% (June 30, 2023: 11.99% to 24.48%) per annum.

- 13.2 These include a interest free loan amounting to Rs. 200 million obtained from IBL Future Technologies (Private) Limited - a wholly owned subsidiary and is repayable on demand.

14. UNPAID DIVIDEND

- 14.1 This includes dividend on bonus shares withheld pertaining to 115 shareholders on which stay order from the Honorable High Court of Sindh has been obtained.

- 14.2 This also includes dividend amounting to Rs. 37.04 million, due to unavailability of IBAN numbers.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

There has been no significant change in the status of contingencies as reported in the note 28 of annual audited unconsolidated financial statements of the Company for the year ended June 30, 2023.

15.2 Commitments

The facility for opening letters of credit and guarantees as at December 31, 2023 amounted to Rs. 3,265 million (June 30, 2023: Rs. 3,065 million) of which the amount remain unutilised as at period ended December 31, 2023 amounted to Rs. 1,447.54 million (June 30, 2023: Rs. 1,128.23 million).

	(Unaudited)	
	December 31, 2023	December 31, 2022
(Rupees in '000)		
16. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross sales		
Local sale of goods	13,131,669	10,678,334
Export sales	1,203,433	1,247,759
	14,335,102	11,926,093
Toll manufacturing	2,146	70,548
	14,337,248	11,996,641
Sales tax	(28,679)	(95,714)
	14,308,569	11,900,927
Less:		
Discounts, rebates and allowances	773,755	734,300
Sales return	211,763	314,041
	985,518	1,048,341
	13,323,051	10,852,586

- 16.1** Consequent to Order 4480/2018 dated August 3, 2018 issued by the Honourable Supreme Court of Pakistan, the Drug Regulatory Authority of Pakistan (DRAP) fixed maximum retail prices of drugs vide notification S.R.O 1610/2018 dated December 31, 2018. Further, DRAP vide Notification S.R.O 34(1)/2019 dated January 10, 2019 increased the maximum retail prices of drugs by nine percent over and above the maximum retail prices as determined under hardship category during the year 2018 and fifteen percent over and above existing maximum retail prices determined under Drug Pricing Policy, 2018 for drugs other than those specified under hardship category.

The Honourable High Court of Sindh vide Order dated January 22, 2019 has disposed off all the legal cases of the Company against DRAP. As mandated under the orders dated August 3, 2018 and November 14, 2018 passed by the Honourable Supreme Court of Pakistan in Human Rights Case No. 2858 of 2006, the Company may file an appeal before the Appellate Board of DRAP as provided under Section 9 of the Drugs Act, 1976, if the Company is dissatisfied with the prices fixed by DRAP.

Consequent to the above, the Company challenged the prices for four of its products namely, Peditral, Gravinat, Metodine and Hydryline set by DRAP in its Appellate Board and the Appellate Board under its orders dated 18 June 2019, 20 June 2019 and 25 June 2019 rejected the said application of the Company. The Company has challenged the said orders in the Honourable High Court of Sindh and an interim order has been passed restricting DRAP from taking any coercive action against the Company.

During the year 2022, the Company has received a notice from DRAP which directed the Company having generic brand name, named Co- Extor, to lower its prices by 15% than that of corresponding originator brands vide its letter dated May 05, 2021 regarding the sale of its product "Co-Extor" for selling at the prices higher than the approved prices of DRAP. The Company has challenged the said order and obtained a stay order dated May 20, 2021 from the Honourable High Court of Sindh, restricting DRAP from taking any coercive action against the Company.

During the previous year, the Company has received an annual price adjustment on all of its products at a rate of 7% on essential products and 10% on other products based on CPI 2022 and at a rate of 14% on essential products and 20% on other products allowed via SRO 595 (I)/2023 dated May 19, 2023 to cope up with the current situation of inflation and dollar parity.

Exposure of the Company due to abovementioned litigations amounted to Rs. 3.16 billion (June 30, 2023: Rs. 3.06 billion).

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

17. COST OF SALES

These include inventory written-off during the period amounting to Rs. 10.84 million (December 31, 2022: Rs. 12.18 million)

18. ADMINISTRATIVE EXPENSES

This include the donations amounting to Rs. 64.91 million (December 31, 2022: Rs 68.02 million). Donations to a single party exceeding 10% of the total donations pertains to the following parties:

	(Unaudited)	
	December 31, 2023	December 31, 2022
	(Rupees in '000)	
DMS Hospital	13,960	-
Akar Hospital	12,351	11,996
IBL Operations (Private) Limited	-	8,802
Munash Enterprises	-	6,923
19. OTHER INCOME		
Income from financial assets - others		
Return on Term Finance Certificates	12,005	8,562
Income from non - financial assets		
Dividend income - subsidiary companies		
- IBL HealthCare Limited	-	46,811
- Searle Pakistan Limited	-	409,502
- Searle Biosciences (Private) Limited	-	97,000
	-	553,313
Rental income from investment properties	40,349	45,160
Gain on disposal of property, plant and equipment	67	60,593
Government grant	-	8,571
Facility Management Fee - Searle Biosciences (Private) Limited	50,000	10,000
Scrap sales	16,187	12,869
	106,603	137,193
	118,608	699,068
20. TAXATION		
Current		
- For the year	237,091	149,987
Deferred tax	(30,867)	(77,411)
	206,224	72,576
21. BASIC AND DILUTED EARNINGS PER SHARE		(Restated)
Profit for the period (Rupees in thousands)	221,087	542,385
Weighted average number of outstanding shares at the end of the period (in thousand)	472,710	393,967
Basic and diluted earnings per share (Rupees)	0.47	1.38

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

	(Unaudited)	
	December 31, 2023	December 31, 2022
	(Rupees in '000)	
22. CASH GENERATED FROM OPERATIONS		
Profit before tax	427,311	614,961
Add / (less): Adjustments for non-cash charges and other items		
Depreciation of property, plant and equipment	237,532	222,457
Depreciation of right-of-use asset	4,830	4,830
Depreciation of investment properties	34,548	39,967
Gain on disposal of property, plant and equipment	(67)	(60,479)
Amortisation of intangible assets	7,319	9,924
Amortisation of transaction cost	8,615	8,615
Provision for employee benefits obligation	2,700	2,750
Finance cost	1,801,130	1,481,172
Interest on lease liability	6,506	6,747
Government grant recognised in income	-	(8,571)
Profit before working capital changes	2,530,424	2,322,373
Effect on cash flows due to working capital changes		
Decrease / (increase) in current assets		
Inventories	398,339	(96,644)
Trade receivables	1,245,216	(2,594,936)
Loans and advances	(189,472)	(164,009)
Trade deposits and short-term prepayments	(14,535)	(15,982)
Other receivables	3,624,193	900,308
Refund due from Government - Sales tax	(5,618)	40,985
	5,058,123	(1,930,278)
Increase in current liabilities		
Trade and other payables	(167,298)	2,196,470
Cash flows generated from operations	7,421,249	2,588,565
23. CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,760,009	46,975
Short-term borrowings		
- Running finance under markup arrangements	(8,433,189)	(7,985,789)
	(6,673,180)	(7,938,814)
24. SEGMENT INFORMATION		
Based on an internal management reporting structure for the period, no reportable segments were identified that were of continuing significance for decision making.		
25. TRANSACTIONS WITH RELATED PARTIES		
Disclosure of transactions between the Company and related parties:		
The related parties include associated companies, staff retirement funds, directors, key management personnel and close family members of directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant transactions with related parties are as follows:		

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

Nature of relationship	Nature of transactions	(Unaudited)	(Unaudited)
		December 31, 2023	December 31, 2022
		(Rupees in '000)	
Parent company	- Corporate service charges	66,000	66,000
	- Rent income	8,905	8,052
	- Income from provision of amenities	6,892	6,128
	- Reimbursement of expenses	-	13,124
	- Issuance of right shares	3,254,963	-
Subsidiaries	- Revenue	236,556	474,075
	- Purchase of consumables	148,496	225,117
	- Royalty	18,656	18,000
	- Dividend income	-	553,313
	- Advance against financial assistance	644,389	-
	- Rent income	16,052	6,655
	- Income from provision of amenities	1,290	2,036
	- Reimbursement of expenses	66,525	63,678
	- Management fee	50,000	10,000
	- Raw material issue	11,972	-
	- Others	2,799	1,887
Staff retirement benefits	- Contributions to provident fund	105,393	89,851
	- Benefits paid	53,775	50,037
Associated companies	- Revenue	11,173,662	8,530,369
	- Salaries and wages	10,750	3,703
	- Purchases	3,633	199
	- Carriage and duties	59,702	130,072
	- Discounts claimed	145,168	177,578
	- Rent expense	16,237	44,825
	- Rent income	19,287	45,100
	- Acquisition of subsidiaries	7,250,407	-
	- Stock claims	298,068	273,852
	- Internet services	5,671	4,364
	- Income from provision of amenities	58,421	26,723
	- Donations	36,190	20,832
	- Incentives to field force staff	2,492	7,678
	- Repair & maintenance	2,689	1,428
	- Merchandise expense	19,454	15,846
- Sale of land	-	510,000	
- Others	18,236	2,916	
Key management employees compensation	- Salaries and other employee benefits	157,586	135,324
	- Contributions to provident fund	14,464	12,800
	- Issuance of right shares	10,336	-

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

25.1 The status of outstanding balances with related parties as at December 31, 2023 is included in the respective notes to the unconsolidated financial statements.

26. CORRESPONDING FIGURES

Corresponding figures have been reclassified and re-arranged in these financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current period, having insignificant impact.

27. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 29, 2024.



Chief Executive



Director



Chief Financial Officer

Consolidated Financial Statements

- 26** Consolidated Directors' Report
- 29** Consolidated Directors' Report (Urdu)
- 30** Consolidated Statement of Financial Position
- 31** Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 32** Consolidated Condensed Interim Statement of Cash Flows
- 33** Consolidated Statement of Changes in Equity
- 34** Notes to the Consolidated Financial Statements

Directors' Report to the Members

We are pleased to present the consolidated interim financial information of the company for the half year ended December 31, 2023. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – 'Interim Financial Reporting'. The directors' report is prepared in accordance with section 227 of the Companies Act, 2017 and Chapter XII of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Financial highlights

The company experienced a significant increase in revenue, rising by Rs 3.22 billion to Rs 20.1 billion from Rs 16.8 billion, representing a substantial 19.2% growth compared to the same period last year. The increase in revenue was mainly driven from the price increase of 20% on non-essential medicines and 14% on essential medicines granted by the government last year in May.

However, due to the adverse macroeconomic conditions i.e. significant devaluation of Rupee, increased interest rates, skyrocketing inflation with substantial increase in fuel & utilities prices, profitability of the company has shrunk.

In the preceding year, the policy rate had risen from 15% to 22% over time. In contrast, during the current period, the impact of heightened finance costs was particularly pronounced, as the policy rate remained at 22% for the entirety of the period.

Following is the summary of financial results for the half months ended December 31, 2023:

	December 31,	
	2023	2022
	(Rupees in thousand)	
Revenue	20,085,288	16,855,914
Cost of sales	(12,360,663)	(9,754,704)
Gross Profit	7,724,625	7,101,210
Operating expenses	(5,312,321)	(4,296,805)
Other operating expenses	(43,550)	(98,388)
Other income	139,284	125,744
Profit from operations	2,508,038	2,831,761
Finance cost	(2,154,722)	(1,674,251)
Profit before tax	353,316	1,157,510
Income tax expense	(344,792)	(451,358)
Profit after taxation	8,524	706,152

EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 0.03 (December 2022: Rs. 1.60). There is no dilution effect on the basic earnings per share of the Company, as the Company had no convertible dilutive potential ordinary shares outstanding as at December 31, 2023.

FUTURE OUTLOOK

At Searle Pharmaceuticals, we're deeply committed to societal welfare, not just market growth. With a steadfast belief in the well-being of our communities, we strive to make a positive impact beyond business metrics.

Despite prevailing socio-economic challenges, we're dedicated to expanding our market share with integrity. Our enduring commitment to ethical practices ensures that every step we take is aligned with our core values and principles.

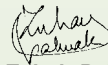
While facing hurdles such as exchange rate volatility, inflation, and rising commodity prices, we remain resilient. Our team's perseverance and commitment to our values drive us forward, inspiring innovative solutions to overcome obstacles.

Challenges are opportunities for innovation. With determination, we'll navigate these obstacles, emerging stronger and brighter. Together, we'll shape a better future for Searle and our communities.

For and on behalf of the Board



Syed Nadeem Ahmed
Chief Executive Officer



Zubair Palwala
Director

Karachi: February 29, 2024

فی شیئر آمدنی

اس مدت کے لئے ٹیکسیشن کے بعد بنیادی آمدنی فی شیئر 0.03 روپے ہے (دسمبر 2022: 1.60 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر براہ راست کوئی اثرات مرتب نہیں ہوئے جیسا کہ کمپنی نے 31 دسمبر 2023 کے مطابق عمومی شیئرز میں کوئی قابل منتقل کمی نہیں کی تھی۔

مستقبل پر ایک نظر

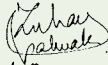
سرل فارما سیونیکل میں ہم نہ صرف مارکیٹ کی ترقی کے لیے بلکہ سماجی بہبود کے لیے پر عزم ہیں۔ اپنے معاشرے کی فلاح و بہبود پر پختہ یقین کے ساتھ، ہم کاروباری میٹرکس سے ہٹ کر مثبت اثر ڈالنے کی کوشش کرتے ہیں۔


موجودہ سماجی و اقتصادی چیلنجز کے باوجود، ہم دیانتداری کے ساتھ اپنے مارکیٹ شیئر کو بڑھانے کے لیے وقف ہیں۔ اخلاقی طریقوں سے ہماری مستقل وابستگی اس بات کو یقینی بناتی ہے کہ ہماری بنیادی اقدار اور اصولوں کے ساتھ ہم آہنگ ہو۔

شرح مبادلہ میں اٹار چڑھاؤ افراط زر اور ایشیا کی بڑھتی ہوئی قیمتوں جیسی رکاوٹوں کا سامنا کرتے ہوئے، ہم لچکدار رہتے ہیں۔ ہماری ٹیم ثابت قدمی اور ہماری اقدار سے وابستگی ہمیں آگے بڑھاتی ہے، جو رکاوٹوں کو دور کرنے کے لیے اختراعی حل کو متاثر کرتی ہے۔

چیلنجز مدت طرازی کے مواقع ہیں عزم کے ساتھ، ہم ان رکاوٹوں کو نیوگیٹ کریں گے، جو مزید مضبوط اور روشن ہوں گے۔ مل کر، ہم سرل اور ہماری کیونینٹیز کے لیے ایک بہتر مستقبل کی تشکیل کریں گے۔

برائے اور بورڈ کی جانب سے


زبیر رزاق پال والا
ڈائریکٹر


سید عمید احمد
چیف ایگزیکٹو آفیسر

کراچی: 29 فروری 2024

ڈائریکٹرز رپورٹ برائے حصص یافتگان

ہم بسرت 31 دسمبر 2023 کو ختم ہونے والے چھ مہینوں کے لئے ہولڈنگ کمپنی کی ایشیائی عبوری مالیاتی معلومات پیش کر رہے ہیں۔ یہ مالیاتی حسابات انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ (IAS-34) عبوری مالیاتی رپورٹنگ کی شرائط کے مطابق تیار کیے گئے ہیں۔ ڈائریکٹرز کی رپورٹ کمپنیز ایکٹ، 2017 کے سیکشن 227 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے باب XII کے مطابق تیار کی گئی ہے۔

مالیاتی جھلکیاں

کمپنی کے ریونیو میں 3.22 بلین کا اضافہ ہوا اور وہ 16.1 بلین سے بڑھ کر 20.1 بلین پہ پہنچ گیا جو کہ گذشتہ برس کے چھ ماہ کے عرصہ کے مقابلے میں %19.2 زیادہ ہے۔ آمدنی میں اضافہ بنیادی طور پر غیر ضروری ادویات کی قیمتوں میں 20 فیصد اور حکومت کی طرف سے گزشتہ سال مئی میں دی گئی ضروری ادویات پر 14 فیصد اضافے سے ہوا ہے۔

تاہم، منفی معاشی حالات یعنی روپے کی قدر میں نمایاں کمی، شرح سود میں اضافہ، ایندھن اور یوٹیلیٹیز کی قیمتوں میں خاطر خواہ اضافے کے ساتھ آسمان چھوتی افراط زر کی وجہ سے کمپنی کے منافع میں کمی ہو گئی ہے۔

پچھلے سال، پالیسی شرح بتدریج 15 فیصد سے 22 فیصد تک بڑھ گئی تھی۔ اس کے برعکس، موجودہ دور میں بڑھی ہوئی فنانس کی لاگت کا اثر خاص طور پر واضح ہوا، کیونکہ پالیسی کی شرح پوری مدت کے لیے %22 پر برقرار رہی۔

31 دسمبر 2023 کو ختم ہونے والے چھ مہینوں کی مدت کے لئے مالیاتی نتائج درج ذیل کے مطابق ہیں:

2022 (پاکستانی روپے ہزاروں میں)	2023	
16,855,914	20,085,288	آمدنی
(9,754,704)	(12,360,663)	فروخت کے اخراجات
7,101,210	7,724,625	مجموعی آمدنی
(4,296,805)	(5,312,321)	آپریٹنگ اخراجات
(98,388)	(43,550)	دیگر آپریٹنگ اخراجات
125,744	139,284	دیگر آمدنی
2,831,761	2,508,038	آپریٹنگ سے آمدنی
(1,674,251)	(2,154,722)	مالیاتی اخراجات
1,157,510	353,316	منافع قبل از ٹیکس
(451,358)	(344,792)	انکم ٹیکس اخراجات
706,152	8,524	منافع بعد از ٹیکس

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

ASSETS	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
		(Rupees in '000)	
Non-current assets			
Property, plant and equipment	6	13,753,798	10,192,835
Right-of-use asset	7	57,987	60,090
Investment properties		3,480,129	3,348,598
Intangibles		18,747,472	16,153,388
Long-term loans and advances	8	174	117
Long-term deposits		31,158	30,798
		<u>36,070,718</u>	<u>29,785,826</u>
Current assets			
Inventories		4,777,421	6,975,694
Trade Receivables	9	18,336,435	16,443,847
Loans and advances	11	2,444,230	1,202,905
Trade deposits and short-term prepayments		226,431	196,941
Accrued markup		-	420
Other receivables	10	1,184,704	4,757,130
Short-term investment at amortised cost		115,772	115,772
Taxation - payments less provision		2,887,486	2,438,330
Tax refunds due from government - Sales tax		357,896	265,706
Cash and bank balances		1,832,282	313,244
		<u>32,162,657</u>	<u>32,709,989</u>
Total assets		<u><u>68,233,375</u></u>	<u><u>62,495,815</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	5,114,945	3,900,659
Advance received against issue of share capital		-	-
Share premium		9,085,133	6,049,419
Unappropriated profit		14,198,690	14,143,280
General reserve		280,251	280,251
Revaluation surplus on property, plant and equipment		5,486,070	5,568,389
Attributable to owners of The Searle Company Limited - Holding Company		<u>34,165,089</u>	<u>29,941,998</u>
Non-controlling interests		1,920,622	1,734,434
		<u>36,085,711</u>	<u>31,676,432</u>
LIABILITIES			
Non-current liabilities			
Long-term borrowings	14	4,707,312	5,917,063
Deferred tax liabilities		863,718	706,960
Employee benefit obligations		91,679	78,707
Long term lease liability		75,620	78,702
		<u>5,738,329</u>	<u>6,781,432</u>
Current liabilities			
Trade and other payables	15	11,477,963	9,922,915
Short-term borrowings	16	12,398,567	11,737,581
Current portion of long-term borrowings		2,088,300	1,914,275
Contract liabilities		157,944	184,249
Unpaid dividend		227,389	227,669
Unclaimed dividend		44,147	44,634
Current portion of long-term lease liability		15,025	6,628
		<u>26,409,335</u>	<u>24,037,951</u>
Total liabilities		<u>32,147,664</u>	<u>30,819,383</u>
Contingencies and commitments	17		
Total equity and liabilities		<u><u>68,233,375</u></u>	<u><u>62,495,815</u></u>

The annexed notes from 1 to 29 form an integral part of these consolidated condensed interim financial statements


Chief Executive


Director


Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended December 31, 2023 - Unaudited

	Note	Quarter ended		Half year ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
(Rupees in '000)					
Revenue from contract with customers	18	9,223,193	8,642,767	20,085,288	16,855,914
Cost of sales	19	(5,650,126)	(4,847,149)	(12,360,663)	(9,754,704)
Gross profit		3,573,067	3,795,618	7,724,625	7,101,210
Distribution costs		(2,260,192)	(1,877,669)	(4,406,273)	(3,573,639)
Administrative expenses	20	(485,443)	(376,471)	(906,048)	(723,166)
Other operating expenses		(3,554)	(55,872)	(43,550)	(98,388)
Other income	21	110,634	77,332	139,284	125,744
Profit from operations		934,512	1,562,938	2,508,038	2,831,761
Finance cost		(922,548)	(880,781)	(2,154,722)	(1,674,251)
Profit before income tax		11,964	682,157	353,316	1,157,510
Income tax expense	22	(141,398)	(268,013)	(344,792)	(451,358)
Profit for the year		(129,434)	414,144	8,524	706,152
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		(129,434)	414,144	8,524	706,152
Profit is attributable to:					
Owners of the The Searle Company Limited - Holding Company		(108,637)	364,578	13,839	628,581
Non-controlling interests		(20,797)	49,566	(5,315)	77,571
		(129,434)	414,144	8,524	706,152
Basic and diluted earnings per share (Rupees)	23	(0.23)	0.93	0.03	1.60

The annexed notes from 1 to 25 form an integral part of these consolidated condensed interim financial statements


Chief Executive


Director


Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the half year ended December 31, 2023 - Unaudited

	Note	December 31, 2023	December 31, 2022
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	24	8,158,292	1,927,550
Employee benefit obligations paid		-	(5,177)
Finance cost paid		(2,120,506)	(1,543,277)
Income tax paid		(637,190)	(1,038,343)
Interest income received		420	2,234
(Increase) / decrease in long-term deposits		(360)	(3,228)
Lease rentals paid		(3,918)	(12,670)
Decrease / (increase) in long-term loans and advances		(57)	(226)
Net cash generated from operating activities		5,396,681	(673,137)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(273,002)	(235,372)
Acquisition of subsidiaries - net		(7,265,291)	-
Sale proceeds on disposal of property, plant and equipment		1,599	5,881
Additions to investment properties		(166,079)	(101,011)
Short-term investments		-	(799)
Net cash used in investing activities		(7,702,773)	(331,301)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(767)	(23,743)
(Repayment) / Proceeds of borrowings		(1,044,341)	(764,830)
Proceeds against issue of share capital net of issuance cost		4,209,252	-
Net cash generated from / (used in) financing activities		3,164,144	(788,573)
Net increase in cash and cash equivalents		858,052	(1,793,011)
Cash and cash equivalents at beginning of the period		(11,424,337)	(9,063,156)
Cash and cash equivalents at end of the period	25	(10,566,285)	(10,856,167)

The annexed notes from 1 to 29 form an integral part of these consolidated condensed interim financial statements


Chief Executive


Director


Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the half year ended December 31, 2023 - Unaudited

	Share capital	Advance received against issue of share capital	Capital reserves		Revenue reserves		Sub-Total reserves	Non-Controlling interest	Total
			Share premium account	Revaluation surplus on Property, plant & equipment	General reserve	Unap-pro-riated profits			
(Rupees in '000)									
Balance as at July 01, 2022	3,120,527	-	6,049,419	5,173,186	280,251	14,040,214	25,543,070	2,027,714	30,691,311
Total comprehensive income for the period	-	-	-	-	-	628,581	628,581	77,571	706,152
Transactions with owners									
Disposal of equity interest						362,267	362,267	(362,267)	-
Issue of bonus shares	780,132	-	-	-	-	(780,132)	-	-	-
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	-	(56,402)	(56,402)
Transaction with non-controlling interests	-	-	-	-	-	-	-	-	-
Transfer of incremental depreciation - net of deferred tax	-	-	-	(73,911)	-	73,911	-	-	-
Land disposal	-	-	-	(49,500)	-	49,500	-	-	-
Balance as at December 31, 2022	<u>3,900,659</u>	<u>-</u>	<u>6,049,419</u>	<u>5,049,775</u>	<u>280,251</u>	<u>14,374,341</u>	<u>26,533,918</u>	<u>1,686,616</u>	<u>31,341,061</u>
Balance as at July 01, 2023	3,900,659	-	6,049,419	5,568,389	280,251	14,143,280	26,041,339	1,734,434	31,676,432
Total comprehensive income for the period	-	-	-	-	-	13,839	13,839	(5,315)	8,524
Transactions with owners									
Issuance cost against rights issue	1,214,286	-	3,035,714	-	-	(40,748)	2,994,966	-	4,209,252
Acquisition of subsidiary	-	-	-	-	-	-	-	(165,070)	(165,070)
Non-redeemable convertible loan - note 13	-	-	-	-	-	-	-	356,573	356,573
Transfer of incremental depreciation - net of deferred tax	-	-	-	(82,319)	-	82,319	-	-	-
Balance as at December 31, 2023	<u>5,114,945</u>	<u>-</u>	<u>9,085,133</u>	<u>5,486,070</u>	<u>280,251</u>	<u>14,198,690</u>	<u>29,050,144</u>	<u>1,920,622</u>	<u>36,085,711</u>

The annexed notes from 1 to 29 form an integral part of these consolidated condensed interim financial statements


Chief Executive


Director


Chief Financial Officer

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

1. LEGAL STATUS AND OPERATIONS

1.1 The Searle Company Limited (the Parent Company) was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Company was converted into a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited (PSX). The Company is principally engaged in the manufacture of pharmaceutical and other consumer products.

International Brands (Private) Limited is the Parent Company, which holds 58.37% (December 31, 2022: 56.32%) shareholding in the Company. This holding % includes 8,387,267 shares which are held in lieu of 5% withholding tax under section 236M of the Income Tax Ordinance, 2001. The shareholder has filed a petition against such provision and the case is pending before the Honorable High Court.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
Listed Company			
- IBL HealthCare Limited		74.19%	74.19%
Unlisted Companies			
- Searle Pakistan Limited	Pakistan	90.61%	90.61%
- Searle Pharmaceuticals (Private) Limited		100.00%	100.00%
- Searle Laboratories (Private) Limited		100.00%	100.00%
- Searle Biosciences (Private) Limited		100.00%	100.00%
- IBL Future Technologies (Private) Limited		100.00%	100.00%
- Searle IV Solutions (Private) Limited		100.00%	-
- Stellar Ventures (Private) Limited		100.00%	-
- IBL Frontier Markets (Private) Limited *		100.00%	-
- Prime Health (Private) Limited *		100.00%	-
- Mycart (Private) Limited *		50.00%	-
- Nextar Pharma (Private) Limited *		87.20%	87.20%

* *Nextar Pharma (Private) Limited is the subsidiary of Searle Biosciences (Private) Limited being the indirect subsidiary of the Parent Company.*

* *MyCart (Private) Limited, IBL Frontier Markets (Private) Limited and Prime Health MyCart (Private) Limited are the subsidiaries of Stellar Ventures (Private) Limited being the indirect subsidiary of the Parent Company.*

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

- 2.1.2** These consolidated condensed interim financial statements does not include all the information required for full financial statements and should be read in conjunction with the audited annual Consolidated financial statements of the Company as at and for the year ended June 30, 2023.
- 2.1.3** The comparative Consolidated condensed interim statement of financial position presented in these Consolidated condensed interim financial statements have been extracted from the audited annual Consolidated financial statements of the Company for the year ended June 30, 2023, whereas the comparative Consolidated condensed interim statement of profit or loss and other comprehensive income, Consolidated condensed interim statement of cash flows and Consolidated condensed interim statement of changes in equity are extracted from the un-audited Consolidated condensed interim financial statements for the period ended December 31, 2022.

2.2 Basis of measurement

These condensed interim Consolidated financial statements have been prepared under the historical cost convention except as stated otherwise and should be read in conjunction with the audited annual Consolidated financial statements of the Company for the year ended June 30, 2023.

2.3 Functional and presentation currency

These condensed interim Consolidated financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest thousand Rupee except where stated otherwise.

2.4 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Group's annual accounting period which began on July 1, 2023. However, these do not have any significant impact on the Group's financial reporting.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2023. However, these will not have any impact on the Group's financial reporting and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Group for the year ended June 30, 2023.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these consolidated condensed interim financial statements in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of this consolidated condensed interim financial information are the same as those that were applied to the annual audited consolidated financial statements as at and for the year ended June 30, 2023.

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended June 30, 2023.

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

5. BUSINESS COMBINATION

5.1 Acquisition of Searle IV Solutions (Private) Limited

On August 31, 2023, the Company acquired 100% paid up share capital of Searle IV Solutions (Private) Limited (Seale IV), engaged in manufacture and sale of intravenous solutions and other pharmaceutical products, from IBL Operations (Private) Limited (IBL Ops) - related party. The said acquisition was approved by Board of Directors in its meeting held on May 25, 2023 for the total consideration amounting to Rs. 3,500 million. Moreover, the acquisition was also approved by the shareholders in Extra-Ordinary General Meeting (EOGM) held on July 26, 2023.

5.1.1 Assets acquired and liabilities transferred at the time of acquisition:

At the acquisition date, the identifiable assets acquired and liabilities assumed have provisionally been recognised. The management is in the process of determining the fair values of acquired assets and liabilities.

The provisional values of assets and liabilities acquired are as follows:

	Rupees in '000
Property, plant and equipment	869,939
Inventories	238,393
Trade and other receivables	156,565
Trade deposits and prepayments	76,353
Cash and bank balances	12,386
Total assets	1,353,636
Deferred taxation	24,838
Trade and other payables	393,322
Short-term borrowings - secured	30,000
Total liabilities	448,160
Provisional value of net assets acquired	905,476
5.1.2 Net Cash outflow on acquisition of Stellar Ventures (Private) Limited - Group	
Consideration paid in cash and cash equivalents	3,500,000
Add: Cash and cash equivalent balances acquired	17,614
Net Cash outflow on acquisition	3,517,614
This has resulted in recognition of goodwill as follows:	
	Rupees in '000
Fair value of consideration	3,500,000
Provisional value of net assets acquired	(905,476)
Goodwill arising on acquisition - refer note 5.1.2	2,594,524

5.1.3 As stated in note 5.1.1, these values may be adjusted within a period of one year subsequent to the completion of fair value exercise.

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

5.2 Acquisition of Stellar Ventures (Private) Limited

On August 31, 2023, the Company acquired 100% paid up share capital of Stellar Ventures (Private) Limited - Group (SVPL) from Universal Ventures (Private) Limited (UVPL) - related party. The said acquisition was approved by Board of Directors in its meeting held on October 3, 2022 for the total consideration amounting to Rs. 3,750 million. Moreover, the acquisition was also approved by the shareholders in Extra-Ordinary General Meeting (EOGM) held on July 26, 2023.

5.2.1 Assets acquired and liabilities transferred at the time of acquisition:

At the acquisition date, the identifiable assets acquired and liabilities assumed have provisionally been recognised. The management is in the process of determining the fair values of acquired assets and liabilities.

The provisional values of assets and liabilities acquired are as follows:

	Rupees in '000
Property, plant and equipment	2,296,580
Long-term investments	1,453,827
Cash and bank balances	2,730
Total assets	3,753,137
Trade and other payables	2,730
Total liabilities	2,730
Provisional value of net assets acquired	3,750,407
5.2.2 Net Cash outflow on acquisition of Stellar Ventures (Private) Limited - Group	
Consideration paid in cash and cash equivalents	3,750,407
Less: Cash and cash equivalent balances acquired	(2,730)
Net Cash outflow on acquisition	3,747,677
5.2.3 Goodwill	
Goodwill arising from the acquisition has been recognised as follows:	
Total consideration paid to UVPL for SVPL - Group acquisition	3,750,407
Provisional value of net assets acquired	(3,750,407)
Goodwill arising on acquisition - refer note 5.2.4	-

5.2.4 As stated in note 5.2.1, these values may be adjusted within a period of one year subsequent to the completion of fair value exercise.

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

5.2.5 At acquisition of SVPL - Group as per note 5.2, the Group's effective shareholding in Prime Health (Private) Limited, IBL Frontier Markets (Private) Limited and Mycart (Private) Limited is 100%, 100% and 50% respectively.

	(Unaudited) December 31, 2023	(Audited) June 30, 2023
	(Rupees in '000)	
6. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 6.1	13,415,020	9,991,265
Capital work-in-progress - at cost	338,778	201,570
	<u>13,753,798</u>	<u>10,192,835</u>
6.1 Additions - operating fixed assets (at cost)		
Leasehold Land	3,817	253
Building on leasehold land	20,615	3,893
Plant and machinery	48,626	9,498
Office equipment	3,718	2,427
Furniture & fittings	7,005	-
Computer equipment	246	-
Vehicles	277	277
Air conditioning systems	9,909	-
	<u>94,213</u>	<u>16,348</u>
6.2 Disposals - operating fixed assets (at net book value)		
Leasehold land	-	452,937
Plant and machinery	1,996	-
Furniture & fittings	174	-
Office equipment	23	403
	<u>2,193</u>	<u>453,340</u>
6.3 Additions - capital work-in-progress (at cost)		
Land	-	300
Building on leasehold land	3,460	38,837
Plant and machinery	72,018	106,986
Office equipment	-	2,077
Air conditioning systems	9,443	37,170
	<u>84,413</u>	<u>185,370</u>

Notes to the Consolidated Condensed Interim Financial Statements
For the period ended December 31, 2023 - Unaudited

	(Unaudited) December 31, 2023	(Audited) June 30, 2023
	(Rupees in '000)	
7. RIGHT-OF-USE ASSET		
Opening net book value	60,090	69,750
Addition	2,727	-
Depreciation for the period - note 7.1	(4,830)	(9,660)
Net book value as at	<u>57,987</u>	<u>60,090</u>
7.1 Depreciation expense on right-of-use asset has been charged to cost of sales.		
8. INTANGIBLES		
Operating intangible assets	65,777	66,217
Market authorisation rights	2,200,000	2,200,000
Trademarks / brands	2,500,000	2,500,000
Goodwill - note 8.1	13,981,695	11,387,171
	<u>18,747,472</u>	<u>16,153,388</u>
8.1 This represents goodwill pertaining to Nextar Pharma (Private) Limited, Searle Pakistan Limited and upon acquisition of subsidiaries. Refer note 5.		
9. TRADE RECEIVABLES		
Considered good		
- Export receivables, secured	806,280	594,975
- Due from related parties, unsecured	15,740,244	15,017,751
- Others, unsecured	2,007,254	1,038,364
	<u>18,553,778</u>	<u>16,651,090</u>
Less: Provision for doubtful receivables	(217,343)	(207,243)
	<u>18,336,435</u>	<u>16,443,847</u>

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

(Unaudited) (Audited)
December 31, June 30,
2023 2023
(Rupees in '000)

10 OTHER RECEIVABLES

Receivables from related parties

Due from Ultimate Parent Company and associated companies:

- International Brands (Private) Limited	155,702	139,905
- IBL Operations (Private) Limited	3,937	6,087
- Universal Ventures (Private) Limited	86,452	3,836,859
- IBL Frontier Market (Private) Limited	-	47,890
- IBL Logistics (Private) Limited	1,692	1,692
- IBL Unisys (Private) Limited	2,000	1,127
	249,783	4,033,560

Due from other related party:

- United Retail (SMC- Private) Limited	92,501	2,523
- Universal Retail (SMC- Private) Limited	-	91,327
	92,501	93,850
Surplus arising under retirement benefit fund	5,250	5,250

Receivables from other than related parties

Others, considered good	837,170	624,470
	1,184,704	4,757,130

11 LOANS AND ADVANCES - considered good

Advances to:

Secured

- employees for operating activities	3,773	140,295
- employees against salaries	208,769	40,925

Unsecured

- advance to Universal Ventures (Private) Limited	1,400	1,400
- suppliers	1,463,868	903,132
- against imports	231,390	108,895
- against LC margin	-	1,833

Other advances

	535,030	6,296
	2,444,230	1,202,776

Current portion of long-term loans to employee

	-	129
	2,444,230	1,202,905

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

12. SHARE CAPITAL

Authorised share capital			(Unaudited)	(Audited)
(Unaudited)	(Audited)		December 31,	June 30,
2023	2023		2023	2023
(Number of shares)			(Rupees in '000)	
<u>700,000,000</u>	<u>600,000,000</u>	Ordinary shares of Rs. 10 each	<u>7,000,000</u>	<u>6,000,000</u>
Issued, subscribed and paid up capital				
(Number of shares)				
<u>161,596,926</u>	40,168,355	Shares allotted for consideration paid in cash	<u>1,615,969</u>	401,683
<u>24,000</u>	24,000	Shares allotted for consideration other than cash	<u>240</u>	240
<u>349,873,498</u>	349,873,498	Shares allotted as bonus shares	<u>3,498,736</u>	3,498,736
<u>511,494,424</u>	<u>390,065,853</u>		<u>5,114,945</u>	<u>3,900,659</u>

13. NON-REDEEMABLE CONVERTIBLE LOAN

MyCart (Private) Limited (MPL) entered into a convertible loan agreement on January 09, 2019 addendum dated January 01, 2022 with total facility amounting to Rs. 400 million of which unutilized balance as on December 31, 2023 was Rs. 41.83 million. The loan is unsecured and is interest free. It is convertible into equity of MPL at a conversion ratio of Rs. 10 per share at any time at the option of the lender.

(Unaudited)	(Audited)
December 31,	June 30,
2023	2023
(Rupees in '000)	

14. LONG-TERM BORROWINGS

Islamic

Musharaka Facility - note 14.1	-	<u>4,707,312</u>	<u>5,917,063</u>
--------------------------------	---	------------------	------------------

- 14.1 The Parent Company obtained a musharaka facility from Habib Bank Limited (Musharaka Agent) for a period of 7 years with a repayment grace period of two years. The Parent Company is required to repay the amount of the loan in quarterly installments, starting from September 2022. However on February 24, 2021, the Parent Company repaid loan amounting to Rs. 800 million to its Musharaka Agent. This facility carries a mark-up of three months KIBOR plus 1.35%.

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

	(Unaudited) December 31, 2023	(Audited) June 30, 2023
15. TRADE AND OTHER PAYABLES	(Rupees in '000)	
Creditors	4,464,510	2,531,113
Payable under group relief	22,652	22,652
Salaries and benefits payable	-	72
Bills payable in foreign currency	2,614,311	2,675,773
Royalty payable	33,150	24,352
Accrued liabilities	2,993,487	3,610,439
Payable to provident fund	30,602	24,768
Payable for compensated absences	-	14,633
Provision for gas infrastructure	9,485	9,485
Accrued markup	705,522	686,427
Taxes deducted at source and payable to		
Statutory Authorities	235,548	62,096
Workers' Profit Participation Fund	85,545	62,080
Workers' Welfare Fund	71,466	94,111
Other liabilities	211,685	104,914
	<u>11,477,963</u>	<u>9,922,915</u>
16. SHORT-TERM BORROWINGS		
Secured borrowings		
Conventional:		
Running finance under mark-up arrangements - note 16.1	2,854,320	2,586,254
Short-term advance	-	500,000
	<u>2,854,320</u>	<u>3,086,254</u>
Islamic:		
Running musharaka - note 16.1 to 16.6	9,544,247	8,651,327
	<u>12,398,567</u>	<u>11,737,581</u>

16.1 The Parent Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 8,950 million (June 30, 2023: Rs. 8,100 million) which include financing facilities obtained under Islamic mode amounting to Rs. 7,250 million (June 30, 2023: Rs. 6,350 million). The arrangements are secured jointly by registered mortgage of Rs. 2,237.5 million (June 30, 2023: Rs. 2,025 million) of immovable property together with joint pari passu charge on all current assets of the Parent Company to the extent of Rs. 11,985.83 million (June 30, 2023: Rs. 11,940 million).

16.1.1 The Parent Company rates of mark-up ranged between 1% to 25.41% (June 30, 2023: 11.99% to 24.48%) per annum.

16.2 IBL healthcare has obtained running musharakah facilities from various banks amounting to Rs. 439 million (June 30, 2023: Rs. 339 million) out of which the amount unavailed at the half year end was Rs. 139 million (June 30, 2023: Rs. 48.44 million). Rates of profit range from one month KIBOR plus 1% (June 30, 2023: one month KIBOR plus 1%) to three months KIBOR plus 1.5% (June 30, 2023: three month KIBOR plus 1.5%) per annum. These facilities have been secured by way of hypothecation of first pari passu charge over present and future current assets amounting to Rs. 585 million (June 30, 2023: Rs. 400 million).

16.3 Searle Pakistan Limited (SPL) has obtained running musharika facility obtained from Dubai Islamic Bank Pakistan Limited (DIBPL) amounting to Rs. 550 million carrying markup rate at KIBOR plus 1.75% (June 30, 2023: KIBOR plus 1.75%) repayable within one year. The facility is secured by way of joint pari passu hypothecation charge over stock and receivables of SPL amounting to Rs. 733.30 million (at 25% margin) for funded exposure and for Rs. 450 million for non funded exposure (at nil margin).

SPL has also obtained another running musharika facility obtained from Dubai Islamic Bank Pakistan Limited (DIBPL) amounting to Rs. 1,000 million carrying markup rate at KIBOR plus 1.25% (June 30, 2023: KIBOR plus 1.25%) repayable within one year. The facility is secured by way of joint pari passu hypothecation charge over all present and future current assets of SPL amounting to Rs. 1,333 million (at 25% margin) for funded exposure.

16.4 SPL has also obtained running musharika from Faysal Bank Limited (FBL) amounting to Rs. 500 million limit carrying markup rate ranging from KIBOR plus 0.75% per annum to KIBOR plus 1% repayable within one year. The facility is secured by way of joint pari passu hypothecation charge over stock and receivables of the Company amounting to Rs. 666.67 million and ranking charge of Rs. 626.67 million (at nil to 25% margin) for non funded exposure.

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

- 16.5** The running finance facilities obtained by SPL from commercial banks amounting to Rs. 950 million, carry markup ranging from 15.8% to 23.98% (June 30, 2023: 15.8% to 23.98%). The facilities are secured by way of joint pari passu hypothecation charge over current assets of SPL (at 25% margin).
- 16.6** This also represents facility obtained by SPL from Habib Bank Limited (HBL) amounting to Rs. 500 million carrying markup rate at 3 months KIBOR plus 1% which is to be reset after every 3 months. The facility is secured by way of 1st joint pari passu hypothecation charge over stocks and book debts with 25% margin to the extent of PKR 666.67 million. The facility was obtained to finance the working capital requirement of SPL.
- Payment to be made in 4 equal monthly installments starting from the 9th month onwards from the date of disbursement. However, the loan has to be repaid in full from IPO proceeds of SPL if the same are received at any time before full adjustments.
- 16.6.1** The rates of mark-up ranged between 11.98% to 17.66% (June 30, 2022: 1% to 16.89%) per annum.

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

There has been no significant change in the status of contingencies as reported in note 28 of annual audited consolidated financial statements of the Group for the year ended June 30, 2023.

17.2 Commitments

- 17.2.1** The facility for opening letters of credit and guarantees of the Parent Company as at December 31, 2023 amounted to Rs. 3,265 million (June 30, 2023: Rs. 3,065 million) of which the amount remain unutilised as at period ended December 31, 2023 amounted to Rs. 1,447.54 million (June 30, 2023: Rs. 1,128.23 million).
- 17.2.2** The facility for opening letter of credit as at December 31, 2023 of IBL healthcare amounted to Rs. 800 million (June 30, 2023: Rs. 550 million) of which the amount remaining unutilised at the end of period was Rs. 676 million (June 30, 2023: Rs. 306.84 million).
- 17.2.3** The facility for opening letters of credit and guarantees as at September 30, 2023 amounted to Rs. 2,440.5 million (June 30, 2023: Rs. 2,440.5 million) of which the amount remaining unutilised as at year end amounted to Rs. 902.4 million (June 30, 2023: Rs. 902.4 million).

December 31, December 31,
2023 2022
(Rupees in '000)

18. REVENUE FROM CONTRACT WITH CUSTOMERS

Gross sales		
Local sales	21,002,908	17,662,867
Export sales	1,313,482	1,291,292
	22,316,390	18,954,159
Toll manufacturing	2,146	70,548
	22,318,536	19,024,707
Sales tax	(210,492)	(357,541)
	22,108,044	18,667,166
Less:		
Discounts, rebates and allowances	(1,294,303)	(1,141,054)
Sales returns	(728,453)	(670,198)
	(2,022,756)	(1,811,252)
	20,085,288	16,855,914

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

- 18.1** Consequent to Order 4480/2018 dated August 3, 2018 issued by the Honourable Supreme Court of Pakistan, the Drug Regulatory Authority of Pakistan (DRAP) fixed maximum retail prices of drugs vide notification S.R.O 1610/2018 dated December 31, 2018. Further, DRAP vide Notification S.R.O 34(1)/2019 dated January 10, 2019 increased the maximum retail prices of drugs by nine percent over and above the maximum retail prices as determined under hardship category during the year 2018 and fifteen percent over and above existing maximum retail prices determined under Drug Pricing Policy, 2018 for drugs other than those specified under hardship category.

The Honorable High Court of Sindh vide Order dated January 22, 2019 has disposed off all the legal cases of the Parent Company against DRAP. As mandated under the orders dated August 3, 2018 and November 14, 2018 passed by the Honourable Supreme Court of Pakistan in Human Rights Case No. 2858 of 2006, the Parent Company may file an appeal before the Appellate Board of DRAP as provided under Section 9 of the Drugs Act, 1976, if the Parent Company is dissatisfied with the prices fixed by DRAP.

Consequent to the above, the Parent Company challenged the prices for four of its products namely, Pedital, Gravinat, Metodine and Hydryline set by DRAP in its Appellate Board and the Appellate Board under its orders dated 18 June 2019, 20 June 2019 and 25 June 2019 rejected the said application of the Parent Company. The Parent Company has challenged the said orders in the Honourable High Court of Sindh and an interim order has been passed restricting DRAP from taking any coercive action against the Parent Company.

During the year 2022, the Parent Company has received a notice from DRAP which directed the Parent Company having generic brand name, named Co- Extor, to lower its prices by 15% than that of corresponding originator brands vide its letter dated May 05, 2021 regarding the sale of its product "Co-Extor" for selling at the prices higher than the approved prices of DRAP. The Parent Company has challenged the said order and obtained a stay order dated May 20, 2021 from the Honourable High Court of Sindh, restricting DRAP from taking any coercive action against the Parent Company.

During the previous year, the Parent Company has received an annual price adjustment on all of its products at a rate of 7% on essential products and 10% on other products based on CPI 2022 and at a rate of 14% on essential products and 20% on other products allowed via SRO 595 (I)/2023 dated May 19, 2023 to cope up with the current situation of inflation and dollar parity.

Exposure of the Parent Company due to abovementioned litigations amounted to Rs. 3.16 billion (June 30, 2023: Rs. 3.06 billion).

19. COST OF SALES

These include inventory written-off during the period amounting to Rs. 10.84 million (December 31, 2022: Rs. 12.18 million)

20. ADMINISTRATIVE EXPENSES

This include the donations amounting to Rs. 64.91 million (December 31, 2022: Rs 68.02 million). Donations to a single party exceeding 10% of the total donations pertains to the following parties:

	(Unaudited)	
	December 31, 2023	December 31, 2022
	(Rupees in '000)	
DMS Hospital	13,960	-
Akar Hospital	12,351	11,996
IBL Operations (Private) Limited	-	8,802
Munash Enterprises	-	6,923

Notes to the Consolidated Condensed Interim Financial Statements
For the period ended December 31, 2023 - Unaudited

	December 31, 2023	December 31, 2022
	(Rupees in '000)	
21. OTHER INCOME		
Income from financial assets		
Exchange gain	-	(25,859)
Interest income on Term Finance Certificate	12,009	9,365
	12,009	(16,494)
Income from non - financial assets		
Insurance claim recovery		
Rental income from investment properties	43,033	39,711
Gain on disposal of property, plant and equipment	1,490	62,314
Scrap sales	19,888	17,447
Government grant	-	9,791
Others	62,864	12,975
	127,275	142,238
	139,284	125,744

(Unaudited)

	December 31, 2023	December 31, 2022
	(Rupees in '000)	
22. TAXATION		
Current		
- For the year	384,934	528,769
Deferred tax	(40,142)	(77,411)
	344,792	451,358

23. BASIC AND DILUTED EARNINGS PER SHARE

(Re-stated)

Profit for the period	13,839	628,581
Weighted average number of outstanding shares at the end of the period (in thousand)	472,710	393,967
Basic and diluted earnings per share (Rupees)	0.03	1.60

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

	December 31, 2023	December 31, 2022
	(Rupees in '000)	
24. CASH GENERATED FROM OPERATIONS		
Profit before income tax	353,316	1,157,510
Add / (less): Adjustments for non-cash charges and other items		
Depreciation on property, plant and equipment	413,469	299,135
Depreciation on investment property	34,548	39,967
Depreciation on right-of-use-asset	4,830	4,830
Gain on disposal of property, plant and equipment	571	(62,200)
Amortisation	11,733	13,585
Provision for retirement benefits obligation	10,317	4,740
Deferred Income - Government grant	-	(9,728)
Interest income	-	(803)
Finance cost	2,139,601	1,664,055
Interest on lease liability	6,506	10,196
Amortisation of transaction cost	8,615	8,615
Provision for doubtful receivable	10,100	-
Profit before working capital changes	<u>2,993,606</u>	<u>3,129,902</u>
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	2,198,273	(336,797)
Trade receivables	(1,902,688)	(3,419,139)
Loans and advances	(1,241,325)	(369,967)
Trade deposits and short-term prepayments	(29,490)	(39,178)
Accrued markup	420	1,431
Tax refunds due from government - Sales tax	(92,190)	22,589
Other receivables	3,572,426	839,496
	<u>2,505,426</u>	<u>(3,301,565)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	2,685,565	2,099,213
Contract liabilities	(26,305)	-
Cash generated from operations	<u><u>8,158,292</u></u>	<u><u>1,927,550</u></u>
25. CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,832,282	12,241
Short term running finances - note 16	(12,398,567)	(10,868,408)
	<u><u>(10,566,285)</u></u>	<u><u>(10,856,167)</u></u>
26. SEGMENT INFORMATION		

Based on internal management reporting structure for the period, no reportable segments were identified that were of continuing significance for decision making.

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended December 31, 2023 - Unaudited

27. TRANSACTIONS WITH RELATED PARTIES

Disclosure of transactions between the Group and related parties

The related parties include the ultimate parent company, associated companies or undertakings, staff retirement funds, directors of the Group, key management personnel and key management personnel. The Group in the normal course of business carries out transactions with various related parties. The Group enters into transactions with related parties on the basis of mutually agreed terms. Significant transactions with related parties are as follows:

Nature of relationship	Nature of transactions	December 31, 2023	December 31, 2022
(Rupees in '000)			
Ultimate parent company	- Corporate service charges	75,133	66,000
	- Rent income	8,905	8,052
	- Income from provision of amenities	6,892	6,128
	- Reimbursement of expenses	-	13,124
Associated companies	- Revenue	16,583,178	12,691,030
	- Salaries and wages	10,750	3,703
	- Purchases	8,513	199
	- Carriage and duties	62,729	141,566
	- Discounts claimed	256,315	177,578
	- Rent expense	28,737	48,375
	- Rent income	21,971	51,885
	- Stock claims	369,909	417,029
	- Internet services	5,671	4,857
	- Income from provision of amenities	58,421	33,305
	- Donation	36,190	20,832
	- Incentives to field force staff	2,492	7,678
	- Repair and maintenance	2,689	1,428
	- Merchandise expense	34,131	15,846
- Others	18,236	2,916	
- Sale of land	-	510,000	
- Acquisition of subsidiaries	7,250,407	-	
Staff retirement benefits	- Contributions to Provident Fund	109,881	94,876
	- Benefits paid	53,775	51,899
Key management employees compensation	- Salaries and other employee benefits	212,928	187,357
	- Contributions to Provident Fund	14,464	12,800

27.1 The status of outstanding balances with related parties as at December 31, 2023 is included in the respective notes to the consolidated financial statements.

28. CORRESPONDING FIGURES

Corresponding figures have been reclassified and re-arranged in these consolidated financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current period, having insignificant impact.

29. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was approved and authorised for issue by the Board of Directors of the Parent Company on February 29, 2024.


Chief Executive


Director


Chief Financial Officer

SEARLE

THE SEARLE COMPANY LIMITED

2nd Floor, One IBL Centre, Plot# 1, Block 7 & 8,
Dehli Mercantile Muslim Cooperative Housing Society
(DMCHS) Tipu Sultan Road, Off. Shahrah-e-Faisal, Karachi
URL: www.searlecompany.com